

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: August 23, 2018

Item Number: 043

Treasury Office

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Public Improvement Bonds, Series 2018, in a par amount not to exceed \$69,055,000, in accordance with the parameters set out in the ordinance, authorizing related documents, approving the payment of the costs of issuance, all related fees, and providing that the issuance and sale be accomplished by February 16, 2019.

Lead Department	Treasury
Fiscal Note	The Fiscal Year 2019 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the 2018-19 Proposed Operating Budget of the General Obligation Debt Service Fund
Prior Council Action	Reimbursement Resolutions approved by City Council on 09/09/15, 09/14/16, and 05/04/17, 9/14/17.
For More Information	Belinda Weaver, Interim Treasurer, 512-974-7885.

Additional Backup Information:

Approval of this ordinance will authorize the issuance of up to \$69,055,000 in City of Austin Public Improvement Bonds, Series 2018, consisting of up to \$69,055,000 in new money bonds as follows:

Election Year	Description	New Money Amount
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2012	Health and Human Services Facility Improvements	\$ 1,595,000
2012	Streets/Signals/Mobility	12,170,000
2012	Parks and Recreation	3,790,000
2016	Streets/Signals/Mobility	51,500,000
		<u>\$69,055,000</u>

The entire \$69,055,000 in new money Public Improvement Bonds is being issued to provide funding for reimbursement resolutions that were previously approved by Council. Reimbursement resolutions declare an issuer's official intent to reimburse a project's expenditure with the proceeds of obligations to be issued after the expenditure may have occurred. The action is required by IRS and U.S. Treasury rules and state law. The City generally submits reimbursement resolutions for Council consideration as a part of the annual budget adoption in September, the same time as the new capital appropriations are adopted, or at the time of a capital budget amendment for a particular project.

The General Obligation Debt Service cost for the new money bond issuance of \$69,055,000 is estimated as follows:

	Total Over 20 Years:	Average Per Year
Principal	\$69,055,000	\$3,452,750
Interest	<u>16,574,000</u>	<u>828,700</u>
Total Debt Service	\$85,629,000	\$4,281,450

In order to provide the City with the flexibility to respond quickly to changing market conditions, the proposed ordinance delegates the authority to the City Manager or Chief Financial Officer (the "Pricing Officer") to complete the sale of the bond transaction in accordance with the parameters in the ordinance. Additionally, the authority of the Pricing Officer to exercise the authority delegated by Council under this ordinance expires on Friday, February 16, 2019.

Electronic Bids will be accepted beginning at 9:00 a.m. Central Daylight Time ("CDT") and ending at 9:30 a.m. CDT, on September 12, 2018. Bids will be verified by the City's Financial Advisor, PFM Financial Advisors, LLC.

For this transaction, McCall, Parkhurst, & Horton L.L.P. will serve as bond counsel, and Bracewell L.L.P. will serve as disclosure counsel.